

AGENDA
MERCY SPRINGS WATER DISTRICT
REGULAR BOARD OF DIRECTORS MEETING
Tuesday, November 30, 2021 – 9:00 a.m.

PURSUANT TO AB 361 AND IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE
SECTION 54953(e), THE OPEN SESSION OF THIS MEETING MAY BE JOINED
FROM YOUR COMPUTER, TABLET OR SMARTPHONE THROUGH THE FOLLOWING MEANS:

<https://global.gotomeeting.com/join/864431789>

AND PLEASE DIAL

Conference call in number: (844) 783-6236 Passcode: 209 364 6136

1. **CALL TO ORDER**
2. **DETERMINATION:** The Board to review and consider a Resolution determining that during the proclaimed state of emergency due to the COVID-19 pandemic, meeting in person would present imminent risk to the health or safety of attendees (Azhderian/Delgado – Tab 2);
3. **REVIEW OF AGENDA:** The Board will consider corrections and/or additions to the Agenda of items requiring immediate action that came to the attention of the Board after the Agenda was posted.
4. **ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting Officer(s) in the event the President, Vice-President, and/or Secretary is absent from the meeting.
5. **POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]
6. **PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board's consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified under Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

7.

CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine and non-controversial and will be acted upon by a single action of the Board of Directors, unless a Board Member requests separate consideration of the item. If such a request is made, the item may be heard as an Action Item at this meeting. The Board will review and consider (Tab 3):

- Approval of DRAFT minutes from the June 30, 2021, special meeting of the Board;
- Acceptance of the monthly financial statements for the period ending October 31, 2021.

ACTION ITEMS

8. The Board to review and consider accepting the Treasurer’s Quarterly Reports for the periods ending June 30, 2021, and September 30, 2021 (Otollo – handout Tab 4);
9. The Board to review and consider accepting as FINAL the Bryant L. Jolley DRAFT Financial Audit of Mercy Springs Water District for the fiscal-year ending February 28, 2021, subject to any further Board direction (Jolley/Otollo – Tab 5);
10. The Board to consider declaring a vacancy on the Board of Directors, effective at noon, December 3, 2021, and authorizing the General Manager to perform any and all actions necessary to fill the vacancy in accordance with Government Code section 1780 (Azhderian/Delgado – Tab 6);
11. The Board to review and consider authorizing execution of a Water Transfer Agreement with Maricopa Orchards, LLC (Azhderian/Delgado – Tab 7);
12. The Board to review and consider authorizing District participation in associations and other forums supporting agricultural water and related outreach and education efforts (Azhderian – Tab 8);
13. The Board to review and consider approving payment of bills (Otollo – Tab 9).

REPORT ITEMS

14. WIIN Act Contract Conversion update (Azhderian/Delgado);
15. **TREASURER’S REPORT** (Tab 10)
 - A. FY 2021-22 Budget-to-Actual;
 - B. Other financial matters affecting the District.
16. **REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)**
17. **CLOSED SESSION**
 - A. Conference with Legal Counsel – Existing Litigation

Closed session pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – AquAlliance, et al. v. The U.S. Bureau of Reclamation, et al. (Case No. 1:20-cv-00878-DAD-EPG, filed May 11, 2020)

18. FUTURE MEETING DATES

- A. Board to Consider Setting Special Meeting Date(s): *Staff requests a special meeting prior to February 1, 2022 to fill Board vacancy.*
- B. Next Regular Meeting Date: February 22, 2022

19. ADJOURNMENT

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone by calling (209) 364-6136. Requests must be received at least 48 hours prior to a scheduled public meeting.

MERCY SPRINGS WATER DISTRICT

RESOLUTION NO. 55-21

A RESOLUTION PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE GOVERNOR'S PROCLAMATION OF A STATE OF EMERGENCY, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE BOARD OF DIRECTORS FOR THE PERIOD NOVEMBER 30, 2021 THROUGH DECEMBER 30, 2021, PURSUANT TO BROWN ACT PROVISIONS

WHEREAS, the Mercy Springs Water District (the "District") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors (the "Board"); and

WHEREAS, all meetings of the District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District's jurisdictional boundaries, specifically a State of Emergency has been proclaimed in the State of California pertaining to the threat to human health and safety due to the COVID-19 pandemic (See Mar. 4, 2020 Proclamation of a State of Emergency) and such proclamation has not as of the date of this Resolution been lifted; and

WHEREAS, allowing all individual members of the Board and members of the public to meet in person would present imminent risk to the health or safety of attendees; and

WHEREAS, the Board does hereby find that the existing state of emergency and conditions has caused, and will continue to cause, an imminent risk to the health and safety of

attendees, and desires to proclaim a local emergency and ratify the Proclamation of a State of Emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Board does hereby find that the legislative bodies of the District shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the District has taken and is taking measures to ensure access for the public, including by providing a reasonable means for members of the public to meaningfully participate in meetings of the Board.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. The Board of Directors of the Mercy Springs Water District hereby finds and determines the above Recitals are true and correct and are incorporated herein by this reference.

2. The Board hereby proclaims that a local emergency now exists throughout the District jurisdictional boundaries, and meeting in person could present an imminent risk to the health and safety of those participating in person.

3. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance on March 4, 2020.

4. The General Manager, or his designee, and legislative bodies of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

5. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) December 30, 2021, or (ii) such time as the Board adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without strictly complying with certain provisions of the Brown Act due to the ongoing COVID-19 pandemic and resulting State of Emergency.

PASSED AND ADOPTED this 30th day of November 2021, by the following vote, to wit:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Abstain: None
Absent: None

BACK

Michael Linneman, President

Attest: _____
Ara Azhderian, Secretary

**CERTIFICATE OF SECRETARY
OF
MERCY SPRINGS WATER DISTRICT,
A California Water District**

I, Ara Azhderian, do hereby certify that I am the duly authorized and appointed Secretary of the Mercy Springs Water District, a California Water District (the "District"); that the preceding is a true and correct copy of that certain resolution duly and unanimously adopted and approved by the Board of Directors of the District on the 30th day of November 2021; and that said resolution has not been modified or rescinded and remains in full force and effect as the date hereof:

IN WITNESS WHEREOF, I have executed this Certificate on this _____ day of November 2021.

Ara Azhderian, Secretary

**MERCY SPRINGS WATER DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
June 30, 2021**

A special meeting of the Board of Directors was held on June 30, 2021, at 9:00 a.m. in accordance with Governor Newsom's Executive Order N-09-21 issued in response to the COVID-19 pandemic, which allows local and state legislative bodies to hold meetings by web and teleconference, and to make meetings accessible to the public electronically. Those present at the meeting were:

Directors Present: Michael Linneman, President
Brad Gleason, Vice-President
Juan Cadena, Director
Richard Wathen, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager & Secretary
John Paul Otollo, Treasurer

Others Present: Gabriel Delgado, General Counsel
Palmer McCoy, Grassland Basin Authority
Erick Johnson, The Water Agency

CALL TO ORDER

President Linneman called the meeting to order at 9:03 a.m.

REVIEW OF AGENDA

There were no corrections to the Agenda.

ROLL CALL

A quorum of the Board of Directors and the presence of the District's Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts of interest disclosed.

PUBLIC COMMENT

There was no public comment.

THE BOARD TO REVIEW AND CONSIDER APPROVING THE DRAFT MINUTES FROM THE NOVEMBER 17, 2020, SPECIAL MEETING OF THE BOARD

General Manager Azhderian presented the Board with the draft minutes for review. After discussion, on a motion by Director Wathen, seconded by Director Cadena, the Board unanimously approved the draft minutes as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen

Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER APPOINTMENT OF DISTRICT OFFICERS TO SERVE DURING THE MARCH 1, 2021, THROUGH FEBRUARY 28, 2022, FISCAL YEAR

General Manager Azhderian requested the Board consider appointment of officers to serve the District for the fiscal-year ending February 28, 2022. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board appointed Michael Linneman as President, Brad Gleason as Vice-President, Ara Azhderian as Secretary, and JP Otollo as Treasurer.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S ANNUAL REVIEW RECOMMENDATION OF THE DISTRICT'S INVESTMENT POLICY

Treasurer Otollo presented the Board with the District's Statement of Investment Policy. He explained that the Policy required annual review and that he was not recommending any changes at this time. After discussion, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously accepted the Treasurer's recommendation.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S QUARTERLY REPORTS FOR THE PERIODS ENDING SEPTEMBER 30, 2020, DECEMBER 31, 2020, AND MARCH 31, 2021

Treasurer Otollo presented the Board with the Treasurer's Quarterly Reports through March 31, 2021. He explained that the District's funds were either invested in the State of California's Local Agency Investment Fund or deposited in a Federal Deposit Insurance Corporation (FDIC) insured accounts at WestAmerica Bank. Otollo reported that the District's portfolio was in compliance with its Statement of Investment Policy and that it was expected the District would be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and land based costs reimbursements. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously accepted the Treasurer's Quarterly Reports as presented.

The vote on the matter was as follows:

Ayes: Linneman, Gleason, Cadena, Wathen
Nays: None
Absent: None
Abstain: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE MONTHLY FINANCIAL STATEMENT FOR THE PERIOD ENDING MAY 31, 2021

Treasurer Otollo reviewed the District’s financial statement with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously accepted the monthly financial statement as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A BUDGET AND SERVICE FEES FOR THE DISTRICT’S FISCAL-YEAR ENDING FEBRUARY 28, 2022

General Manager Azhderian presented the Board with a draft budget for the 2022 fiscal-year. He explained the budget was split in to two, one to allocate the water related costs and the other to allocate the land based costs. He said that for costs that could not be readily assigned one way or another, such as for the annual audit, they were split in half. Azhderian said that given the zero percent Central Valley Project water allocation, staff would work to minimize costs to the fullest extend practicable. After discussion, on a motion by Director Gleason, seconded by Director Cadena, the Board unanimously adopted the 2022 budget and service fees as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A PROPOSED BRYANT L. JOLLEY ENGAGEMENT LETTER TO CONDUCT AN AUDIT OF THE DISTRICT’S 2020-2021 FISCAL-YEAR ENDING FEBRUARY 28, 2021

General Manager Azhderian presented the Board with a letter agreement to have Bryant L. Jolley accountancy perform the District’s 2021 fiscal-year financial audit. He noted the letter agreement was the same as previous years except that the cost to perform the audit was proposed to increase by five-hundred dollars to a total fee not to exceed eight thousand, five hundred dollars. Azhderian explained that in an effort to reduce future costs, the Board would next consider requesting Fresno County approve allowing the District to preform biennial audits. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously authorized execution of the letter agreement as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION REQUESTING THE FRESNO COUNTY BOARD OF SUPERVISORS APPROVE REPLACING THE DISTRICT’S ANNUAL FINANCIAL AUDIT WITH A BIENNIAL FINANCIAL AUDIT

General Manager Azhderian requested the Board consider adopting a resolution requesting Fresno County allow the District to perform biennial audits in an effort to reduce the District's administrative cost. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously authorized execution of the letter agreement as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION AUTHORIZING UPDATES TO THE DISTRICT'S WESTAMERICA BANK SIGNATURE CARD AND INITIATION OF STARCONNECT PLUS FOR BUSINESS SERVICE TO PROVIDE ONLINE ACCOUNT ACCESS

General Manager Azhderian requested the Board consider adopting a resolution to update the District's signatories at WestAmerica Bank and to authorize initiation of "StarConnect Plus" business service to allow for on-line web access to administer the District's account. He explained the update would delete former General Manager Dan Nelson and former Director Atomic Falaschi from the account and add new Director Richard Wathen, current General Manager Azhderian, current Treasurer JP Otollo, and Panoche Water District's Accounting Supervisor Marlene Brazil. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

General Manager Azhderian presented the Board with the District's accounts payable. After review, on a motion by Director Wathen, seconded by Director Gleason, the Board unanimously approved payment of the bills as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION CALLING FOR A GENERAL ELECTION ON NOVEMBER 2, 2021, OF REPRESENTATIVES TO SERVE ON THE DISTRICT'S BOARD OF DIRECTORS

General Manager Azhderian presented the Board a draft resolution calling for the District's 2021 general election to be held on November 2, 2021, and authorizing related actions to properly conduct the election. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board.

After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION TO IMPLEMENT A DISTRICT ELECTION PLAN TO HOLD ALL SUBSEQUENT DISTRICT ELECTIONS ON EVEN YEARS AFTER NOVEMBER 2021

General Manager Azhderian presented the Board a draft resolution to implement an election plan to shift the District's odd-year elections to even years as required by California Senate Bill 415. He explained the plan was to add one-year to each Director's term so that by the end of the cycle, three directors would be up for election in 2024 and two directors would be up for election in 2026, and then every four years again thereafter. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION TO AUTHORIZE EXECUTION OF THE THIRD AMENDMENT TO THE CENTRAL DELTA-MENDOTA REGION SUSTAINABLE GROUNDWATER MANAGEMENT ACT SERVICES ACTIVITY AGREEMENT

General Manager Azhderian presented the Board a draft resolution to authorize execution of a Third Amendment to the activity agreement with the San Luis & Delta-Mendota Water Authority for services to implement the region's Groundwater Sustainability Plan. He noted the primary effect of the amendment would be to allow delegation of voting authority by the activity agreement members, in particular, to facilitate participation by Merced and Fresno counties. Azhderian and General Counsel Delgado reviewed the draft resolution in detail with the Board. After discussion, on a motion by Director Gleason, seconded by Director Wathen, the Board unanimously adopted the draft resolution as presented.

The vote on the matter was as follows:

Ayes:	Linneman, Gleason, Cadena, Wathen
Nays:	None
Absent:	None
Abstain:	None

GUBERNATORIAL EXECUTIVE ORDER AND BROWN ACT UPDATE

General Counsel Delgado reported on recent changes to the Governor's Executive Order allowing for electronic meetings due to the COVID-19 pandemic. He noted that barring another action, in-person meetings would resume on October 1, 2021. As the District's next regular meeting is not until November, Delgado said he would continue to monitor the situation and advise then on the proper course of action.

WIIN ACT CONTRACT CAPITAL PRE-PAYMENT FUNDING SOURCES ANALYSIS

General Manager Azhderian reported that the District would preform an analysis of the funds used to pre-pay its Central Valley Project construction costs so as to ensure appropriate allocation of the costs to the CVP contract assignees. Azhderian said the true-up would occur as part of the process to consolidate the District with Panoche Water District and permanently reassign the remaining contract quantities.

CLOSED SESSION

The Board met with legal counsel to discuss the matters listed on the Agenda.

REPORT FROM CLOSED SESSION

The Board met with legal counsel to discuss the matters listed on the Agenda and took no reportable action.

FUTURE MEETING DATES

The next Regular meeting was scheduled for August 31, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business, President Linneman adjourned the meeting at 11:07 a.m.

Michael Linneman, President

Ara Azhderian, Secretary

**MERCY SPRINGS WATER DISTRICT
TREASURER'S MONTHLY FINANCIAL REPORT
BALANCE SHEET-CURRENT ASSETS & LIABILITIES**

DATE AS OF	<u>October 31, 2021</u>	<u>September 30, 2021</u>
<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	\$21,724	\$41,164
TOTAL CURRENT LIABILITIES	\$21,724	41,164
<u>CASH AND INVESTMENT ACCOUNTS</u>		
O&M CHECKING	\$52,697	\$169,930
LAIF	\$102,350	\$12,350
TOTAL UNRESTRICTED CASH	\$155,047	\$182,280
<u>ACCOUNTS RECEIVABLES</u>		
WATER AND LAND BASED CHARGES	-	\$16,829
TOTAL ACCOUNTS RECEIVABLES	-	\$16,829
TOTAL CURRENT ASSETS	\$155,047	\$199,109
NET CURRENT ASSESTS (NET CASH POSITION)	\$133,323	\$157,945

General Ledger Detail Report
Summary Report for Period 01 Thru 08 Ending 10/31/2021

MERCY SPRINGS WATER DISTRICT (MWD)

Account Number/Description

	Beginning Balance	Debit	Credit	Net Change	Ending Balance
102-000					
Westamerica Bank - Checking Account	357.56-	471,208.00	418,153.72	53,054.28	52,696.72
106-000					
LAIF # XXXX-027	92,214.55	140,135.77	130,000.00	10,135.77	102,350.32
Report Total:	<u>91,856.99</u>	<u>611,343.77</u>	<u>548,153.72</u>	<u>63,190.05</u>	<u>155,047.04</u>



Account Statement

MERCY SPRINGS WATER DISTRICT 169
52027 W ALTHEA AVE
FIREBAUGH CA 93622

If you have any questions about your account please call 800-848-1088
CUSTOMER SERVICE
ACCOUNT NUMBER 160-2
STATEMENT DATE 10/29/21 CYCLE 31
ITEMS ENCLOSED 0 PAGE 1
YEAR-TO-DATE INTEREST

Table with 6 columns: PREVIOUS BALANCE, CHECKS AND WITHDRAWALS (NUMBER, AMOUNT), DEPOSITS AND CREDITS (NUMBER, AMOUNT), INTEREST MINUS CHARGES, NEW BALANCE. Values: 169,930.42, 2, 129,191.98, 1, 16,933.96, .00, 57,672.40

ACCOUNT ACTIVITY

BALANCE SUMMARY

Table with 6 columns: DATE, DESCRIPTION, AMOUNT, ITEM, DATE, AMOUNT. Includes rows for DEPOSITS (10/22 BRANCH DEPOSIT 16,933.96) and WITHDRAWALS-FEES-CHARGES (10/07 DEBIT MEMO 90,000.00, 10/08 CHECKS 39,191.98).

Table with 2 columns: DATE, BALANCE. Includes rows for PREVIOUS BALANCE (09/30 169,930.42), BALANCE CHANGES (10/07 79,930.42, 10/08 40,738.44, 10/22 57,672.40), and NEW BALANCE (10/29 57,672.40).

FOR CONVENIENT ACCESS TO ADDITIONAL FUNDS WHEN NEEDED, CONSIDER A PERSONAL CREDIT LINE OR A HOME EQUITY PERSONAL CREDIT LINE. VISIT WWW.WESTAMERICA.COM FOR INFORMATION.

BACK

EXTRA CASH LINE OF CREDIT CUSTOMERS: YOUR ACCOUNT DETAILS ARE LISTED BELOW. LATE PAYMENT WARNING: IF YOUR MINIMUM PAYMENT IS NOT RECEIVED BY THE PAYMENT DUE DATE YOU MAY BE CHARGED A LATE FEE OF \$5.

Summary table with 7 columns: PREVIOUS BALANCE, ADVANCES AND DEBITS (NUMBER, AMOUNT), PAYMENTS AND CREDITS (NUMBER, AMOUNT), INTEREST CHARGED, FEES CHARGED, NEW BALANCE. Includes a formula: LINE OF CREDIT CREDIT AVAILABLE ANNUAL PERCENTAGE RATE DAILY PERIODIC RATE PAYMENT PAST DUE + PAYMENT THIS PERIOD = MINIMUM PAYMENT DUE PAYMENT DUE DATE YEAR-TO-DATE INTEREST PAID

THANK YOU FOR BANKING WITH US. NOTICE: SEE 'BACK OF STATEMENT' TAB FOR IMPORTANT INFORMATION.

MERCY SPRINGS WATER DISTRICT

**2021 Quarterly Investment Report
For Quarter Ending June 30, 2021**

DATE: 11/30/2021

TO: Board of Directors

FROM: JP Otollo

In accordance with Government Code Section 53646 and the Mercy Springs Water District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Mercy Springs Water District:

	WESTAMERICA BANK	LAIF	TOTAL
INVESTMENT BALANCES June 30, 2021	\$ 18,027.82	\$ 42,334.67*	\$ 60,362.49

1. As of the date of the report, the majority* of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Westamerica Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and land based costs reimbursements.



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	MERCY SPRINGS WATER DISTRICT
Account Number	90-10-027

As of 07/15/2021, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 06/30/2021.

Earnings Ratio		.00000897371743018
Interest Rate		0.33%
Dollar Day Total	\$	4,907,382.21
Quarter End Principal Balance	\$	42,290.63
Quarterly Interest Earned	\$	44.04



Account Statement

MERCY SPRINGS WATER DISTRICT 169
52027 W ALTHEA AVE
FIREBAUGH CA 93622

If you have any questions about your account please call 800-848-1088
CUSTOMER SERVICE
ACCOUNT NUMBER 160-2
STATEMENT DATE 06/30/21 CYCLE 31
ITEMS ENCLOSED 0 PAGE 1
YEAR-TO-DATE INTEREST

Table with 6 columns: PREVIOUS BALANCE, CHECKS AND WITHDRAWALS (NUMBER, AMOUNT), DEPOSITS AND CREDITS (NUMBER, AMOUNT), INTEREST MINUS CHARGES, NEW BALANCE. Values: 20,287.97, 3, 2,260.15, 0, .00, .00, 18,027.82

ACCOUNT ACTIVITY

PUBLIC REGULAR CHECKING

33 DAYS THIS CYCLE

Table with 6 columns: CHECKS (ITEM, DATE, AMOUNT), DEPOSITS AND CREDITS (ITEM, DATE, AMOUNT). Includes items 1441, 1442, 1443.

AUTO LOANS OVER THE PHONE FROM WESTAMERICA. DRIVE AWAY WITH COMPETITIVE RATES AND AN EASY APPLICATION. CALL LOAN EXPRESS AT 1-800-514-1460 TODAY!

BALANCE SUMMARY

Table with 2 columns: DATE, BALANCE. Rows for PREVIOUS BALANCE (05/28, 20,287.97), 06/18 (18,952.92), 06/21 (18,027.82), NEW BALANCE (06/30, 18,027.82)

EXTRA CASH LINE OF CREDIT CUSTOMERS: YOUR ACCOUNT DETAILS ARE LISTED BELOW. LATE PAYMENT WARNING: IF YOUR MINIMUM PAYMENT IS NOT RECEIVED BY THE PAYMENT DUE DATE YOU MAY BE CHARGED A LATE FEE OF \$5.

Summary table with 8 columns: PREVIOUS BALANCE, ADVANCES AND DEBITS (NUMBER, AMOUNT), PAYMENTS AND CREDITS (NUMBER, AMOUNT), INTEREST CHARGED, FEES CHARGED, NEW BALANCE, LINE OF CREDIT, CREDIT AVAILABLE, ANNUAL PERCENTAGE RATE, DAILY PERIODIC RATE, PAYMENT PAST DUE + PAYMENT THIS PERIOD = MINIMUM PAYMENT DUE, PAYMENT DUE DATE, YEAR-TO-DATE INTEREST PAID

THANK YOU FOR BANKING WITH US. NOTICE: SEE 'BACK OF STATEMENT' TAB FOR IMPORTANT INFORMATION.

MERCY SPRINGS WATER DISTRICT

2021 Quarterly Investment Report
For Quarter Ending September 30, 2021

DATE: 11/30/2021

TO: Board of Directors

FROM: JP Otollo

In accordance with Government Code Section 53646 and the Mercy Springs Water District Investment Policy, the following shall constitute the quarterly report of investment on behalf of the Mercy Springs Water District:

	WESTAMERICA BANK	LAIF	TOTAL
INVESTMENT BALANCES September 30, 2021	\$ 169,930.42*	\$ 12,350.32	\$ 182,280.74

1. As of the date of the report, the majority* of District funds are invested in the State of California Local Agency Investment Fund (LAIF) in accordance with Section 16429.1 of the Government Code. Attached is the most recent statement(s) received by the District.
2. As of the date of the report, the remaining District funds are deposited in Federal Deposit Insurance Corporation (FDIC) insured accounts at Westamerica Bank. Therefore, as provided by Government Code Section 53646 (e), attached are the most recent statements received by the District.
3. The portfolio of the District is in compliance with the District’s Statement of Investment Policy.
4. It is expected the District will be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and land based costs reimbursements.



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name	MERCY SPRINGS WATER DISTRICT
Account Number	90-10-027

As of 10/15/2021, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2021.

Earnings Ratio		.00000661958813242
Interest Rate		0.24%
Dollar Day Total	\$	2,364,173.08
Quarter End Principal Balance	\$	12,334.67
Quarterly Interest Earned	\$	15.65



Account Statement

MERCY SPRINGS WATER DISTRICT 169
52027 W ALTHEA AVE
FIREBAUGH CA 93622

If you have any questions about your account please call 800-848-1088
CUSTOMER SERVICE
ACCOUNT NUMBER 160-2
STATEMENT DATE 09/30/21 CYCLE 31
ITEMS ENCLOSED 0 PAGE 1
YEAR-TO-DATE INTEREST

Table with 6 columns: PREVIOUS BALANCE, CHECKS AND WITHDRAWALS (NUMBER, AMOUNT), DEPOSITS AND CREDITS (NUMBER, AMOUNT), INTEREST MINUS CHARGES, NEW BALANCE. Values: 42,391.50, 5, 83,544.98, 2, 211,083.90, .00, 169,930.42

ACCOUNT ACTIVITY

BALANCE SUMMARY

Table with columns: DATE, DESCRIPTION, AMOUNT. Includes sub-sections for DEPOSITS and CHECKS with item numbers and dates.

Table with columns: DATE, BALANCE. Shows previous balance 42,391.50 and new balance 169,930.42.

OUR PRIVACY POLICY IS AVAILABLE FOR YOU TO READ AT WWW.WESTAMERICA.COM TO RECEIVE A COPY BY MAIL, YOU MAY CALL 1-800-848-1088.

BACK

EXTRA CASH LINE OF CREDIT CUSTOMERS: YOUR ACCOUNT DETAILS ARE LISTED BELOW. LATE PAYMENT WARNING: IF YOUR MINIMUM PAYMENT IS NOT RECEIVED BY THE PAYMENT DUE DATE YOU MAY BE CHARGED A LATE FEE OF \$5.

Summary table with columns: PREVIOUS BALANCE, ADVANCES AND DEBITS (NUMBER, AMOUNT), PAYMENTS AND CREDITS (NUMBER, AMOUNT), INTEREST CHARGED, FEES CHARGED, NEW BALANCE. Includes APR and periodic rate information.

THANK YOU FOR BANKING WITH US. NOTICE: SEE 'BACK OF STATEMENT' TAB FOR IMPORTANT INFORMATION.

MERCY SPRINGS WATER DISTRICT

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

FEBRUARY 28, 2021

draft

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mercy Springs Water District
Firebaugh, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Mercy Springs Water District (District), which comprise the statement of net position as of February 28, 2021, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mercy Springs Water District as of February 28, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

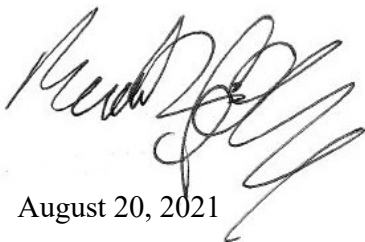
Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021, on our consideration of the Mercy Springs Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Meredith J. [unclear]", is written over a large, light blue "DRAFT" watermark.

August 20, 2021

MERCY SPRINGS WATER DISTRICT

STATEMENT OF NET POSITION FEBRUARY 28, 2021

ASSETS

Current assets

Cash and investments	\$ 91,857
Accounts receivable	34,035
Prepaid obligation - Central Valley Project	180,265
Prepaid expense	<u>1,936</u>
Total current assets	<u>308,093</u>
Total assets	<u>308,093</u>

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	21,709
Nonexchange guarantee	<u>3,115</u>
Total current liabilities	<u>24,824</u>

Non-current liabilities

Nonexchange guarantee	<u>60,936</u>
Total noncurrent liabilities	<u>60,936</u>
Total liabilities	<u>85,760</u>

NET POSITION

Unrestricted	<u>222,333</u>
Total net position	<u>\$ 222,333</u>

MERCY SPRINGS WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED FEBRUARY 28, 2021

Operating Revenues

Water sales	\$ 266,877
Total operating revenues	<u>266,877</u>

Operating Expenses

San Luis & Delta-Mendota other water costs	106,374
Purchased water	101,938
Administration	28,148
Legal and professional	28,553
Miscellaneous	13,724
Dues	4,360
Insurance	1,681
Total operating expenses	<u>284,778</u>

Operating income/(loss) (17,901)

Nonoperating Revenues/(Expenses)

Interest income	228
Interest expense	<u>(1,778)</u>
Total nonoperating revenues/(expenses)	<u>(1,550)</u>

Change in Net Position

(19,451)

Net Position

Beginning of year	241,784
End of year	<u>\$ 222,333</u>

MERCY SPRINGS WATER DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED FEBRUARY 28, 2021

Operating Activities

Receipts from landowners and other districts	\$ 235,059
Payments to suppliers for goods and services	<u>(443,149)</u>
Net cash provided by (used in) operating activities	<u>(208,090)</u>

Non-capital Financing Activities

Payment and Interest paid on nonexchange guarantee	<u>(4,710)</u>
Net cash provided by (used in) noncapital financing activities	<u>(4,710)</u>

Investing Activities

Interest received	<u>228</u>
Net cash provided by (used in) investing activities	<u>228</u>

Net Increase (Decrease) in Cash (212,572)

Cash and Investments

Beginning of year	<u>304,429</u>
End of year	<u><u>\$ 91,857</u></u>

Cash Flows from Operating Activities

Operating income (loss)	\$ (17,901)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in accounts receivable	(31,818)
(Increase) Decrease in prepaid expense	(180,080)
Increase (Decrease) in accounts payable and accrued expense	<u>21,709</u>

Net Cash Provided by/(Used in) Operating Activities \$ (208,090)

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Mercy Springs Water District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The Mercy Springs Water District was formed in accordance with the provisions of the California water district statutes of the California Water Code on May 24, 1952. The purpose of the District is to supply irrigation water to approximately 1,240 acres of land located west of Firebaugh, California. The District is entitled to receive 2,842 acre feet of water each year under contract with the Bureau of Reclamation (based on 100% allocation). The governing board of the District consists of five members who elect from their membership a president, vice-president, secretary and treasurer.

Mercy Springs Water District does not have a relationship with any other related activities, organizations or functions of government which should be included in the financial reporting entity of the District as required by GASB Statement No. 14, *The Financial Reporting Entity*. In addition, the District is not a component unit of any other governmental entity.

Basis of Accounting and Measurement Focus

The District accounts for its operations in an enterprise fund using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principle operating revenues of the District are irrigation water sales, operations and maintenance charges, and standby charges. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Financial Statement Amounts

Cash and Investments – Cash and investments represent the District's cash bank accounts including, but not limited to, certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

Investments primarily consist of certificates of deposit with Bank of America. Investments are stated at fair value.

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Obligation – Central Valley Project – Prepaid obligation to the United States for the Central Valley Project was paid in full thru and will be amortized thru 2030. A true up and or discount will be adjusted in future year for the water deliveries. As of February 28, 2021, the prepaid obligation was \$180,265.

Long-Term Obligations – Long-term debt and other long-term obligations are reported as liabilities in the Proprietary Fund Statement of Net Position. Debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Position.

Net Position/Fund Equity – The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

When an expense is incurred for the purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Revenues and Expenses – The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principle ongoing operations. The principle operating revenues of the District are irrigation water sales, operations and maintenance charges, and standby charges. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period.

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 2 – Cash and Investments

Cash and investments are reported in the financial statements as follows:

Statement of Net Position

Cash and investments	\$ 91,857
	<u>\$ 91,857</u>

Cash and investments as of February 28, 2021 consist of the following:

Local Agency Investment Fund	\$ 91,857
Total Cash and Investments	<u>\$ 91,857</u>

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 2 – Cash and Investments (Continued)

Authorized Investments by the District

The District's investment policy and the California Government Code allows the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District. The following also identifies certain provisions of the District and California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The District's Investment Policy authorizes the following:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Minimum Credit Quality</u>
Local District Bonds	5 Years	50%	AA
U.S. Treasury Obligations	5 Years	100%	N/A
State of California Obligations	5 Years	100%	A
California Local District Obligations	5 Years	50%	AA
U.S. Agencies	5 Years	100%	AAA
Bankers Acceptances	180 Days	40%	A
Commercial Paper	270 Days	25%	AA
Negotiable Certificates of Deposit	5 Years	30%	N/A
Repurchase Agreements	92 Days	20% of Base	A
Reverse Repurchase Agreements	5 Years	30%	A or >
Medium Term Notes	N/A	20%	N/A
Money Market Mutual Funds	5 Years	20%	AA
Collateralized Bank Deposits	2 Years	20%	None
Mortgage Pass-Through Securities	2 Years	20%	N/A
Time Deposits	N/A	No limit	None
Local Agency Investment Fund (LAIF)	N/A	30%	N/A
Non-Negotiable Certificates of Deposit	1 Year	20%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of February 28, 2021 the District had \$91,857 in investments.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 2 – Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, There are no investments in any one issuer, other than U.S. Treasury securities, mutual funds, time deposits, and external investment pools, that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of February 28, 2021, the District's bank balance of \$91,857 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 3 – Nonexchange Guarantee

On June 25, 2013, the San Luis Delta-Mendota Water Authority (the Authority) issued \$37,550,000 of 2013A Revenue Refunding Bonds to refund the 2009A Series Revenue Bonds. The Series 2009A bonds were issued to fund the Delta Habitat Conservation and Conveyance Program (DHCCP) activity and the District, along with certain members of the Authority, entered into financing agreements with the Authority to pay their respective share of the bonds. The bonds are issued in the Authority's name and Westlands Water District is obligated to pay 100% for the principal and interest on the bonds when due under its DHCCP activity agreement with the Authority. The District is obligated under the DHCCP activity agreement to pay annual installments in the range of \$339 to \$4,968 through 2042. The amount of the liability recognized, \$64,051 is the best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee.

MERCY SPRINGS WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED FEBRUARY 28, 2021

Note 3 – Nonexchange Guarantee (continued)

At February 28, 2021, the District has recorded a liability for the guarantee as follows:

	<u>Balance</u> <u>March 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>February 28, 2021</u>	<u>Current</u> <u>Portion</u>
DHCCP Nonexchange Financial Guarantee	\$ 66,983	\$ -	\$ (2,932)	\$ 64,051	\$ 3,115
Total Nonexchange Financial Guarantee	<u>\$ 66,983</u>	<u>\$ -</u>	<u>\$ (2,932)</u>	<u>\$ 64,051</u>	<u>\$ 3,115</u>

Future anticipated payments on the nonexchange financial guarantee are as follows:

Years ending February 28,	Nonexchange		
	<u>Financial Guarantee</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,115	\$ 1,373	\$ 4,488
2023	3,136	1,357	4,493
2024	2,725	1,337	4,062
2025	2,745	1,316	4,061
2026	2,776	1,288	4,064
2027-2031	14,526	5,787	20,313
2032-2036	16,162	4,149	20,311
2037-2041	18,536	1,775	20,311
2042	329	10	339
	<u>\$ 64,051</u>	<u>\$ 18,391</u>	<u>\$ 82,441</u>

Note 4 – Related Party Transactions

The District sells water to members of its Board of Directors at the same rate charged to unrelated parties.

Note 5 – Risk Management

Claims and judgements, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims.

Note 6 – Subsequent Events

The District evaluated subsequent events for recognition and disclosure through August 20, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since February 28, 2021 that required recognition or disclosure in such financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Mercy Springs Water District
Firebaugh, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mercy Springs Water District (District), which comprise the statement of net position as of February 28, 2021, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mercy Springs Water District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mercy Springs Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'Kendall J. [unclear]', written over a faint, illegible printed name.

August 20, 2021

draft

MERCY SPRINGS WATER DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS

FEBRUARY 28, 2021

2020-001 - Internal Controls over Financial Reporting (Material Weakness) – Implemented

[BACK](#)

draft

**Associations and Other Forums Supporting Agricultural Water and
Related Outreach and Education Efforts**

	Suggested Contribution	Mercy Springs Acres 3710
CA Ag Irrigation Association		
CA Farm Water Coalition	\$0.15 cents per acre	\$ 556.50
CA Foundation for Ag in the Classroom		
CA Rural Water Association		
Central Valley Project Water Association	\$0.09 cents per acre-foot	\$ 254.25
Coalition for a Sustainable Delta		
Family Farm Alliance	\$0.15 cents per acre	\$ 556.50
Maven's Notebook		
National Assn of Conservation Districts		
Pacific Legal Foundation		
Public Policy Institute of California		
SJV Ag Water Coalition		
SJV Ag Water Committee		
San Joaquin Valley Water		
US Committee on Irrigation & Drainage		
Water Education Foundation		
		\$ 1,367.25

BACK

MERCY SPRINGS WATER DISTRICT				
ACCOUNTS PAYABLE LIST				
PAYMENTS RUN FROM 7/1/2021 TO 11/30/2021				
WESTAMERICA CHECKING # 1602				
	CHECK		CHECK	
DATE	NUMBER	NAME	AMOUNT	MEMO
7/15/2021	1445	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 11,269.96	MAY 2021 NOD WATER TRANSFER
		TOTAL	\$ 11,269.96	
8/11/2021	1446	PANOCHÉ WATER DISTRICT	\$ 3,001.14	JUNE 2021 LABOR
8/11/2021	1447	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 686.00	DHCCP PROJECT, SERIES 2021 BOND DEBT SERVICE
8/11/2021	1448	US BUREAU OF RECLAMATION	\$ 2,913.43	JUNE 2021 WATER PAYMENT
8/11/2021	1449	BRYANT L. JOLLEY	\$ 8,500.00	AUDIT YE 2.28.21
8/11/2021	1450	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 46,468.02	JULY 2021 NOD WATER TRANSFER \$ 46,109.31 & WATER PYMT \$ 358.71
8/11/2021	1451	US BUREAU OF RECLAMATION	\$ 436.04	JULY 2021 WATER PAYMENT
		TOTAL	\$ 62,004.63	
9/14/2021	1452	PANOCHÉ WATER DISTRICT	\$ 1,202.77	JULY 2021 LABOR
9/14/2021	1453	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 29,564.50	FY22 2ND INSTALL MEMBERSHIP DUES
9/14/2021	1454	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 27,327.95	AUGUST 2021 NOD WATER TRANSFER
9/14/2021	1455	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 24,098.50	YUBA COUNTY WATER AGENCY TRANSFER - 2021
9/14/2021	1456	BAKER MANOCK & JENSEN	\$ 1,351.26	JULY 2021 LEGAL SERVICES
		TOTAL	\$ 83,544.98	
10/5/2021	1457	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 39,191.98	SEPT 2021 NOD WATER TRANSFER
10/28/2021	1458	PANOCHÉ WATER DISTRICT	\$ 4,975.68	AUG 21 LABOR \$ 856.10 & WATER SAMPLES \$ 299.25, ADMIN COSTS MAY 21 \$ 358.59, JUNE 21 \$ 1,755.63, JULY 21 \$ 516.55 & AUG 21 \$ 372.51, SEPT 21 LABOR \$ 729.55 & COMPUTER SUPPORT \$ 87.50
		TOTAL	\$ 44,167.66	
11/5/2021	1459	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 12,890.57	OCT 2021 NOD WATER TRANSFER
11/5/2021	1460	PANOCHÉ WATER DISTRICT	\$ 8,395.29	WATER YEAR 2019 FINAL
11/30/2021	1461	PANOCHÉ WATER DISTRICT	\$ 438.03	OCT 2021 LABOR
11/30/2021	1462	CALIFORNIA DEPT OF TAX & FEE ADMINISTRATION	\$ 3,498.53	2021 - 2022 WATER RIGHTS FEE
11/30/2021	1463	SAN LUIS & DELTA MENDOTA WATER AUTHORITY	\$ 108.05	NORTH OF DELTA WATER TRANSFERS
		TOTAL	\$ 25,330.47	
		GRAND TOTAL	\$ 226,317.70	

BACK

MERCY SPRINGS WATER DISTRICT (MSWD)					
BUDGET to ACTUAL REPORT for the 8 months period ended October 31, 2021					
					Prior Year
					FY 2021
		FY 2022		FY 2022	
		ACTUAL (8 months)	BUDGET (12 Months)	Budget to Actual Percentage	ACTUAL
REVENUES					
				%	
	CVP WATER CONTRACT	\$ -	\$ -	0%	\$ 65,316
	REVENUE - Supplemental Water	158,351	14,645	0%	-
	OPERATION & MAINTAINANCE CHARGES	84,781	33,990	249%	45,525
	REVENUE - Water transfer fee	-	15,000	0%	18,474
	REVENUE SGMA	54,151	54,151	100%	86,444
	REVENUE INTEREST	136	2,500	5%	228
	REVENUE OTHER/USBR REFUNDS	26,412	24,958	106%	51,118
	TOTAL REVENUE	\$ 323,831	\$ 145,244	223%	\$ 267,105
OPERATING EXPENSES					
GENERAL ADMIN AND SERVICES					
	ANNUAL AUDIT	8,500	8,500	100%	8,000
	INSURANCE	1,260	1,500	84%	2,942
	LEGAL & PROFESSIONAL COSTS	6,794	7,500	91%	20,553
	GENERAL ADMIN & OVERHEAD COSTS	13,193	20,940	63%	32,829
	TOTAL GENERAL ADMIN AND SERVICES	\$ 29,747	\$ 38,440	77%	\$ 64,323
DIRECT O & M COSTS					
	Supplemental Water Costs	167,484	14,645	1144%	31,777
	CVP Water costs	3,349	3,436	97%	94,192
	USBR WIIN Act Contract	-	-	0%	197,869
	SLDMWA SGMA Costs	54,851	54,851	100%	69,381
	SLDMWA DHCCP expenses	686	4,488	15%	1,675
	SLDMWA Membership costs	4,977	5,677	88%	5,216
	Central Delta Mendota GSA	3,700	3,500	106%	-
	Water transfer expenses	9,818	6,595	149%	58
	Water rights fee	-	3,000	0%	3,181
	TOTAL DIRECT O&M COSTS	\$ 244,865	\$ 96,192	255%	\$ 403,348
	TOTAL EXPENSES	\$ 274,612	\$ 134,632	204%	\$ 467,671
	NET REVENUE/(DEFICIT)	\$ 49,219	\$ 10,612		\$ (200,566)

MERCY SPRINGS WATER DISTRICT

WATER BASED BUDGET

Budget to Actual report for the 8 months period ended October 31, 2021

	FY 2021-22			
	ACTUAL (8 Months)	BUDGET (12Months)	%	
REVENUES				
CVP WATER CONTRACT	\$ -	\$ -	0%	
REVENUE - Supplemental Water	\$ 158,351	\$ 14,645	1081%	
OPERATION & MAINTAINANCE CHARGES	\$ 50,791	\$ 72,031	71%	
REVENUE - Water transfer fee	\$ -	\$ 15,000	0%	
REVENUE INTEREST	\$ 68	\$ 2,500	3%	
REVENUE OTHER/USBR REFUNDS	\$ 26,412	\$ 24,958	106%	
	\$ 235,622	\$ 129,134	182%	
WATER COSTS				
CVP Water costs	3,349	\$ 3,436	97%	
Supplemental Water costs	167,484	\$ 14,645	1144%	
SLDMWA Membership	4,977	\$ 5,677	88%	
SLDMWA DHCCP repayment	686	\$ 4,488	15%	
Water Transfers Expenses	9,818	\$ 6,595	149%	
Water Rights	-	\$ 3,000	0%	
General Admin & Services				
PWD Contract labor	3,853	\$ 9,500	41%	
PWD admin services	2,406	\$ 7,050	34%	
Bank Charges	-	\$ 240	0%	
Dues & subscriptions	-	\$ 3,700	0%	
Website support	338	\$ 450	75%	
	\$ 6,596	\$ 20,940	32%	
Annual Audit	4,250	\$ 4,250	100%	
Legal costs	3,397	\$ 7,500	45%	
Insurance	630	\$ 1,500	42%	
TOTAL	\$201,187	\$72,031	279%	
Net Revenue/(Deficit)	\$ 34,435	\$ 57,103	60%	

MERCY SPRINGS WATER DISTRICT				
LAND BASED BUDGET				
Budget to Actual report for the 8 months period ended October 31, 2021				
		FY 2021-22		
		ACTUAL (8 Months)	BUDGET (12Months)	%
	<u>REVENUES</u>			
	OPERATION & MAINTAINANCE CHARGES	33,990	33,990	100%
	REVENUE SGMA	54,151	54,151	100%
	REVENUE INTEREST	68	2,500	3%
	TOTAL REVENUE	\$ 88,209	\$ 90,641	97%
	<u>DIRECT COSTS</u>			
	SLDMWA SGMA Costs	54,851	\$ 54,151	101%
	Central Delta Mendota GSA	3,700	\$ 3,500	106%
	<u>General Admin & Services</u>			
	PWD Contract labor	3,853	\$ 9,500	41%
	PWD admin services	2,406	\$ 7,050	34%
	Bank Charges	-	\$ 240	0%
	Website support	338	\$ 450	75%
		\$ 6,596	\$ 17,240	38%
	Annual Audit	4,250	\$ 4,250	100%
	Legal costs	3,397	\$ 7,500	45%
	Insurance	630	\$ 1,500	42%
	TOTAL EXPENSES	\$73,424	\$88,141	83%
	Net Revenue/(Deficit)	\$ 14,785	\$ 2,500	591%

BACK